

18
TAFT, STETTINIUS & HOLLISTER

1800 STAR BANK CENTER
425 WALNUT STREET
CINCINNATI, OHIO 45202-3957

WASHINGTON, D C OFFICE
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WASHINGTON, D C 20004-2901
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CABLE TAFTHOL TWX 810-461-2623
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COLUMBUS, OHIO 43215-4221
614-221-2838
FAX 614-221-2007

November 8, 1993

NORTHERN KENTUCKY OFFICE
THOMAS MORE CENTRE
2670 CHANCELLOR DRIVE
CRESTVIEW HILLS, KENTUCKY 41017-3491
606-331-2838
513-381-2838
FAX 513-381-6613

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

513-381-2838
NOV 15 1993 3:00 PM
INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423
Attn: Mildred Lee
Room 2303

NOV 15 1993 3:00 PM
INTERSTATE COMMERCE COMMISSION

Dear Ms. Lee:

I have enclosed herewith an original and one copy of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Railroad Equipment Lease, a primary document, dated October 21, 1993.

The names and addresses of the parties to the document are as follows:

LESSOR: The David Joseph Company
300 Pike Street
Cincinnati, Ohio 45202

LESSEE: Chicago Southshore and South Bend Railroad
505 North Carol Avenue
Michigan City, IN 46360-5082

The equipment covered by the enclosed document is seventy-five (75) 100 ton, 1974-1975 built, 4' sided gondola railcars, currently bearing the reporting marks set forth in Exhibit A attached hereto.

A fee of \$18.00 is enclosed. Please return the original executed copy of the enclosed document to:

Philip F. Schultz, Esq.
Taft, Stettinius & Hollister
1800 Star Bank Center
425 Walnut Street
Cincinnati, Ohio 45202-3957

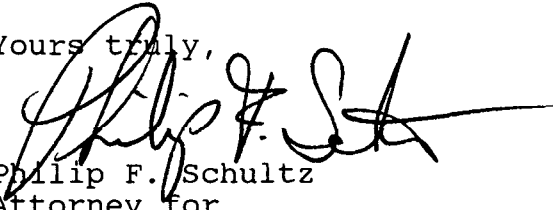
Ms. Mildred Lee
November 8, 1993
Page 2

Short summary of the document to appear in the index follows:

Railroad Equipment Lease between Chicago Southshore and South Bend Railroad, 505 North Carol Avenue, Michigan City, IN 46360-5082, as Lessee, and The David J. Joseph Company, 300 Pike Street, Cincinnati, Ohio 45202, as Lessor, dated October 21, 1993 and covering seventy-five (75) 100 ton, 1974-1975 built, 4' sided gondola railcars.

Please call me if you should have any questions.

Yours truly,



Philip F. Schultz
Attorney for
The David J. Joseph Company

PFS/taj
encl.

EXHIBIT A

DESCRIPTION OF UNITS

Seventy five (75), 100 ton, 1974-1975 built, 4' sided gondola railcars currently bearing reporting marks as follows:

CSS 47000 - 47074, inclusive

Interstate Commerce Commission

Washington, D.C. 20423

11/15/93

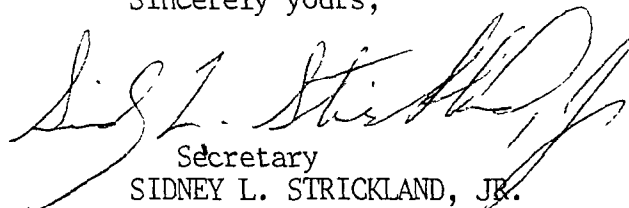
OFFICE OF THE SECRETARY

Philip F. Schultz, Esq.
Taft, Stettinius & Hollister
1800 Star Bank Center
425 Walnut Street
Cincinnati, Ohio 45202 -3957

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/15/93 at 3:10PM, and assigned recordation number(s). 18477

Sincerely yours,



Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

18477
ASSIGNMENT NO. FILED-MES

NOV 15 1993 - 3 10 PM

CERTIFICATE

INTERSTATE COMMERCE COMMISSION

The undersigned, Stephen M. Griffith, Jr., a notary public in and for the County of Hamilton, State of Ohio, hereby certifies that the copy of the document attached hereto has been compared with the original and that the undersigned has found the copy to be complete and identical in all respects to the original document.

Stephen M. Griffith, Jr.

Notary Public

STEPHEN M. GRIFFITH, JR. Attorney at Law
NOTARY PUBLIC STATE OF OHIO
My Commission has no expiration
date. Section 147.03 O.R.C.

8477
NOV 15 1993 - 3 10 PM
INTERSTATE COMMERCE COMMISSION

RAILROAD EQUIPMENT LEASE

(NET)

BY AND BETWEEN

THE DAVID J. JOSEPH COMPANY

AND

CHICAGO SOUTHSORE AND
SOUTH BEND RAILROAD

DATED AS OF:

OCTOBER 21, 1993

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RAILROAD EQUIPMENT LEASE

THIS RAILROAD EQUIPMENT LEASE (the "Lease"), is entered into as of this 21st day of October, 1993, by and between The David J. Joseph Company, a Delaware corporation (hereinafter referred to as "Lessor") and Chicago Southshore and South Bend Railroad, an Indiana general Partnership (hereinafter referred to as "Lessee").

WHEREAS, Lessee desires to lease from Lessor and Lessor desires to lease to Lessee all of the items of equipment specified in Exhibit A attached hereto (hereinafter collectively referred to as the "Units" and singularly referred to as "Unit") on the terms and conditions stated herein.

NOW, THEREFORE, in consideration of the mutual premises, covenants and agreements set forth herein, the parties hereby agree as follows:

1. LEASE OF UNITS

Lessor hereby leases to Lessee and Lessee hereby rents from Lessor the Units, to have and to hold the same unto Lessee for the period (the "Term") commencing on the date upon which the Lessor delivers the Units, or any Unit, as provided in Section 3 below (the "Commencement Date"), and ending for all Units on the later of the last day of the [REDACTED] full calendar [REDACTED] following the acceptance of the last Unit under this Lease (the "Expiration Date") or the date upon which all of the Lessee's obligations hereunder have been met (the "Termination Date").

2. BASE RENTAL

Lessee agrees to pay to Lessor the amount of rent specified in Exhibit B attached hereto (the "Base Rental") during the Term of this Lease. The Base Rental provided for herein and then in effect, shall be due and payable in equal monthly installments in advance on the first day of each calendar month during the Term of this Lease, without demand or setoff. The Lessee shall also pay, as additional rent, all such other sums of money as shall become due and payable by Lessee to Lessor under this Lease (the Base Rental and any additional rent due hereunder are sometimes hereinafter referred to as "Gross Rental"). If the Commencement Date is not the first day of the month, a pro-rated monthly installment shall be paid at the then current rate for the fractional month during which the Commencement Date occurs, such installment or installments so prorated shall be paid on or before the Commencement Date. All past

due installments of Gross Rental shall bear interest from date due until paid at two percent (2%) per annum over the prime interest rate for domestic commercial loans as published from time to time in The Wall Street Journal. This Lease is a "Net Lease" and Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due to, or by reason of, any past, present or future claims of Lessee against Lessor under this Lease or otherwise. It is the intention of the parties hereto that Gross Rental and all other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

3. DELIVERY AND ACCEPTANCE OF UNITS

Lessor will cause each Unit to be delivered to the Lessee at such point or points as are set forth on Exhibit C attached hereto. Lessor shall cause each Unit to be available for inspection by Lessee at Mansbach Metal Company or Progress Rail Services Corporation for the purpose of providing Lessor with the Acceptance Certificate (as Exhibit D hereto) prior to Lessor's delivery of such Unit. Within ten (10) calendar days of Lessor's notice to Lessee that any Unit is available for inspection, Lessee will cause its authorized inspectors or representatives to inspect the Units, and if such Units are found to be in good operating order and repair, in a clean condition free of residue and suitable for loading, and meet the specifications, except for painting of the Units, as described in Exhibit G attached hereto, to accept such Units for delivery (or so many of such Units as are acceptable to Lessee) and to execute and deliver to the Lessor a certificate in the form of Exhibit D hereto, and such Lessee's certificate shall be absolutely binding upon Lessee. If any Unit is not deemed by Lessee to be in good operating order and repair or in a clean condition, Lessee shall so notify Lessor in a writing that specifies the nature of the defect in the Unit, and Lessor, at its option, may either (i) repair such Unit or correct condition, and immediately upon completion of such repairs or defects and acceptance by the Lessee, the Unit shall be subject to all of the terms and provisions of this Lease; (ii) substitute a piece of equipment that is substantially similar to the acceptable Units delivered hereunder, in which case such substituted equipment shall be a "Unit" and immediately upon Lessee's satisfactory inspection and acceptance of same, such Unit shall be subject to all of the terms and provisions of this Lease; or (iii) delete the defective Unit, in which case the Unit so deleted shall not be subject to the terms and provisions of this Lease. If Lessee has not notified Lessor of any defect in any Unit within ten (10) calendar days of the date of Lessor's notice to Lessee that a Unit is available for inspection, or if Lessee uses any Unit prior to delivering a Lessee's certificate of acceptance with respect thereto, ten (10) calendar days after such Lessor notice or on the date such Unit is used by Lessee, as the case may be, such Unit or

Units shall be conclusively deemed to be accepted by Lessee for delivery and to conform in all respects with the standards of condition and repair set forth in this Lease. After Lessee has provided to Lessor a signed Acceptance Certificate in the form of Exhibit D for each Unit as provided for above, the Lessor shall direct and pay for the transportation of each such accepted Unit to the Lessee's lines in Miller, IN, and thereafter, all costs of transportation of such Unit during the Term of this Lease shall be paid for by the Lessee, unless otherwise provided for under this Lease. Upon Lessor's delivery of each Unit to the Lessee's lines in Miller, IN, rentals for such Unit shall commence.

4. MAINTENANCE AND REPAIRS

Lessee, at its sole expense, shall (i) keep and maintain the Units leased hereunder in good working order, condition and repair, and free from any and all liens and claims; (ii) install parts on, and make all necessary repairs and replacements to the Units using only new manufacturer made, reconditioned, or secondhand parts which comply with the requirements of the Interchange Rules of the AAR and that conform to the construction of the Units; and (iii) provide all labor, materials, lubricants, parts and other supplies or items consumed by or required, in connection with the use of the Units. In addition to repairs and maintenance otherwise required pursuant to this Section 4, Lessee shall, at its sole expense, repair, replace, clean, oil, test, stencil and otherwise maintain the Units as required by, and in conformance with, the Interchange Rules of the Association of American Railroads, the FRA Railroad Freight Car Safety Standards, and the Safety Appliance and Power Brake Laws, as the same may be amended from time to time.

Except as otherwise provided herein, Lessee shall not make alterations or modifications in any Unit without the prior written consent of Lessor thereto. Any and all additions to any Unit, and any and all parts installed on or replacements made to any Unit shall be considered accessions to such Unit and, without cost or expense to the Lessor, there shall immediately be vested in the Lessor the same interest in such accessions as the interest of the Lessor in such Unit.

5. DISCLAIMER OF WARRANTIES

LESSOR, NOT BEING THE MANUFACTURER OF THE UNITS, NOR THE MANUFACTURER'S AGENT, HEREBY EXPRESSLY DISCLAIMS AND MAKES TO LESSEE NO WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO: THE FITNESS FOR USE, DESIGN OR CONDITION OF THE UNITS; THE QUALITY OR CAPACITY OF THE UNITS; THE WORKMANSHIP IN THE UNITS; THAT THE UNITS WILL SATISFY THE REQUIREMENT OF ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO; AND ANY GUARANTEE OR WARRANTY AGAINST PATENT INFRINGEMENT

OR LATENT DEFECTS, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE. LESSOR IS NOT RESPONSIBLE OR LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGE TO OR LOSSES RESULTING FROM THE INSTALLATION, OPERATION OR USE OF THE UNITS OR ANY UNIT. Lessor hereby acknowledges that any manufacturers and/or sellers warranties are for the benefit of both Lessor and Lessee and Lessor hereby assigns to Lessee any such warranties covering Units in possession of Lessee under this Lease. Lessee's acceptance of delivery of the Units, as provided in Section 3 hereto, shall be conclusive evidence as between Lessor and Lessee that each such accepted Unit is in all of the foregoing respects satisfactory to the Lessee and the Lessee will not assert any claim of any nature whatsoever against Lessor based on all or any one or more of the foregoing matters.

6. USE OF THE UNITS

Lessee agrees, for the benefit of Lessor, to comply in all respects with all laws of the jurisdictions in which operations involving any Unit subject to this Lease may extend, with the Interchange Rules and the Codes of Car Hire and Car Service Rules of the Association of American Railroads, if applicable, and with all rules and regulations of the Interstate Commerce Commission, the Department of Transportation, and any other legislative, executive, administrative, judicial or governmental body or officer exercising any power or jurisdiction over any such Unit, to the extent such laws and rules affect the ownership, possession, operations or use of such Unit; and Lessee shall and does hereby indemnify and hold harmless Lessor from and against any and all liability that may arise from any infringement or violation of any such laws or rules by Lessee, its agents, employees, or any other person. In the event that such laws or rules require any alteration, change, modification or enhancement of any nature whatsoever to the Units or any Unit, Lessee agrees to make such alterations, changes, modifications and enhancements at its own expense and to use, maintain and operate such Units in full compliance with such laws and rules so long as such Units are subject to this Lease, provided, however, that Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the sole opinion of Lessor, adversely affect the rights of Lessor in the Units and hereunder. Lessee agrees not to use the Units outside the United States of America for more than 180 days in any consecutive twelve (12) month period. Lessee agrees to use the Units in a careful and prudent manner, solely in the use, service and manner for which the Units were designed. Lessee shall not use the Units, or any Unit, for the loading, storage or hauling of any corrosive, hazardous, toxic or radioactive substance or material.

Lessee shall be permitted to place the Units in interchange service, provided, however, that Lessee shall not suffer or permit the use of the Units in a manner or for a purpose that is prohibited by or inconsistent with the terms and provisions of this Lease, and

Lessee shall in all events continue to be fully liable and responsible in accordance with the terms and provisions of this Lease for the possession, use, condition and operation of such Units, notwithstanding that such Units are being used in interchange by any third party.

7. FILINGS

Lessee agrees to prepare and deliver to Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of, and furnish a copy to, Lessor) any and all reports required to be filed by Lessor, or requested by Lessor to be filed, with any federal, state or other regulatory authority by reason of the ownership by Lessor of the Units, the security title of Lessor to the Units or the leasing of the Units to Lessee; provided, however, that Lessor shall be responsible for filing this Lease with the Interstate Commerce Commission pursuant to 49 U.S.C. Sec. 11303.

Lessee will cause each Unit to be kept numbered with its identifying number as set forth in Exhibit A hereto and all other markings and stenciling required by the Interchange Rules and the Codes of Car Hire and Car Service Rules of by the Association of American Railroads, as the same may be amended from time to time, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the following words: "Owned by The David J. Joseph Company", or other appropriate words designated by Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably requested in order to protect the title of Lessor to the Units the rights of Lessor under this Lease. Lessee will not place any of the Units in operation or exercise any control or dominion over the same until such words have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced or destroyed. Lessee will not change, or permit to be changed, the numbers on any Unit, except in accordance with a statement of new numbers to be submitted therefor which previously shall have been filed with Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

Each Unit may be lettered in an appropriate manner for convenience of identification of the interests of Lessee therein, provided, however, Lessee has received prior written consent from Lessor and Lessee shall be responsible for the cost of removing such identification. Except as above provided, Lessee will not allow the name of any person, association or corporation to be placed on any of the Units as a designation which might be interpreted as a claim of ownership thereof.

8. TAXES AND OTHER ASSESSMENTS

Lessee shall be responsible for, and shall indemnify and hold Lessor harmless from, all taxes (including, without limitation, sales, use, excise, import, domestication, personal property, ad valorem, withholding, stamp, documentary and other taxes, and excluding only any federal income taxes of Lessor or any state or local taxes imposed upon or measured by net income of Lessor), license fees, assessments, charges, duties, fines and penalties, currently or hereafter levied or imposed by any state, local, federal or foreign authority (all such expenses, taxes, license fees, assessments, charges, fines, penalties, being hereinafter called "Assessments") upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title made pursuant to this Lease, all of which Assessments Lessee assumes and agrees to pay on demand as additional rent hereunder in addition to the other payments to be made by and provided for herein. Lessee will also pay promptly all Assessments which may be imposed upon the Units or for the possession, rental, shipment, delivery, use or operation thereof or on the earnings arising therefrom (except as provided above) or on Lessor solely by reason of the ownership thereof and will keep at all times all and every part of the Units free and clear of all Assessments which might in any way affect the title of Lessor to any Unit or result in a lien upon any Unit. In the event that during the continuance of this Lease any reports with respect to Assessments involving the Units are required to be made, Lessee will either make such reports in such manner as to show the interest of Lessor in the Units or notify Lessor of such requirement and make such reports in a manner that shall be satisfactory to Lessor. Lessee shall, whenever requested by Lessor, submit to Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to Lessor of Lessee's performance of its duties under this Section 8. Lessee shall also furnish promptly on request all data as Lessor shall reasonably require to permit Lessor's compliance with the requirements of taxing jurisdictions.

To the extent that Lessee is prohibited by law from performing in its own name the duties required by this Section 8, and only to such extent, Lessor hereby authorizes Lessee to act in Lessor's name and on its behalf; provided, however, that Lessee shall indemnify and hold Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by Lessee pursuant to this authorization.

In the event that, during the continuance of this Lease, the Lessee shall become liable for the payment or reimbursement of any Assessments pursuant to this Section 8, such liability shall continue, notwithstanding the termination of this Lease, until all such impositions are paid or reimbursed by Lessee.

9. INDEMNIFICATION

Except as otherwise provided in this Lease, Lessee assumes liability for, and hereby agrees to indemnify, protect and keep harmless Lessor, its employees, agents, successors and assigns from and against any and all liabilities, obligations, losses, damages, injuries, claims, demands, penalties, actions, costs and expenses, including reasonable attorney's fees, of whatsoever kind and nature, arising out of the possession, use, condition (including but not limited to, latent and other defects and whether or not discoverable by Lessee or Lessor), operation, ownership, selection, delivery, leasing or return of the Units or any Unit, regardless of where, how and by whom operated, and regardless of any failure on the part of Lessor to perform or comply with any conditions of this Lease. The indemnities and assumptions of liabilities and obligations herein provided for shall continue in full force and effect notwithstanding the expiration or other termination of this Lease. Lessee is an independent contractor and nothing contained in this Lease shall authorize Lessee or any other person to operate any of the Units so as to incur or impose any liability or obligation for or on behalf of Lessor.

Lessor shall not be liable for any loss of or damage to any commodities loaded or shipped in the Units. Lessee agrees to assume responsibility for, to indemnify against, and to hold Lessor harmless from, any claim in respect of such loss or damage and to assume responsibility for any damage caused to any Unit by such commodities.

10. LESSOR'S PERFORMANCE OF LESSEE'S OBLIGATIONS

If Lessee shall fail to duly and promptly perform any of its obligations under this Lease with respect to the Units, Lessor shall have the option, but not the obligation, to perform any act or make any payment which Lessor deems necessary for the maintenance and preservation of the Units and Lessor's title thereto, including payments for satisfaction of liens, repairs, Assessments, levies and insurance and all sums so paid or incurred by Lessor, and any reasonable legal and accounting fees incurred by Lessor in connection therewith shall be additional rent under this Lease payable by Lessee to Lessor on demand. The performance of any act or payment by Lessor as aforesaid shall not be deemed a waiver or release of any obligation or default on the part of the Lessee, and Lessee shall continue to be liable for any such performance or payment by Lessor notwithstanding the expiration or earlier termination of this Lease.

11. INSURANCE

Lessee will, at its expense, insure all of the Units at all times against fire, theft, vandalism, collision and all other

hazards customarily insured against or as may reasonably be requested by Lessor. Such policies of insurance shall name Lessor as loss payee and shall be reasonably satisfactory to Lessor as to form and insurer, in such amounts as described in Exhibit E, and shall provide for at least thirty (30) days prior written notice of cancellation or modification to Lessor. Lessee shall furnish certificates, policies or endorsements to Lessor as proof of such insurance. Lessor may act as attorney for Lessee in making, adjusting or settling any claims under any insurance policies insuring the Units. Lessee assigns to Lessor all of its right, title and interest to any insurance policies insuring the Units, including all rights to receive the proceeds of insurance solely related to the Units, and directs any insurer to pay all such proceeds, solely related to the Units, directly to Lessor and authorizes Lessor to endorse Lessee's name on any draft for such proceeds. The proceeds of any fire, theft and extended coverage insurance with respect to the Units shall be payable solely to Lessor and shall be applied by Lessor in accordance with Section 12 hereof.

Lessee will, at its expense, carry public liability insurance with respect to the Units and the use thereof, in such amounts as are required by any applicable rules or regulations of the Association of American Railroads, the Interstate Commerce Commission, the Department of Transportation, or any other federal, state, administrative, legislative, judicial or governmental body having jurisdiction in the matter and in such amounts as described in Exhibit E and with such insurers as are reasonably satisfactory to Lessor, and such insurance policies shall also name Lessor as an additional insured thereunder, and shall provide for at least thirty (30) days prior written notice of cancellation or modification to Lessor. The proceeds of any public liability or property damage insurance shall be payable first to Lessor to the extent of its liability, if any, and the balance to Lessee.

12. RISK OF LOSS

Lessee assumes all risk of loss, damage, theft, condemnation or destruction of the Units, whether direct, indirect, incidental or consequential, including, but not limited to, damages caused by or arising from cornering, sideswiping, derailment, improper or abusive loading or unloading methods, negligent or unfair usage, or similar occurrences while under this Lease. Except as provided in this Section 12, no such loss, damage, theft, condemnation or destruction of the Units, or any Unit, in whole or in part, shall impair the obligations of Lessee under this Lease, all of which shall continue in full force and effect. Whenever any Unit shall be or become worn out, lost, stolen, destroyed or damaged, from ordinary use, neglect, abuse, fire, the elements or any other cause whatsoever, or taken or requisitioned by condemnation or otherwise (such occurrences being hereinafter called "Casualty Occurrences") during the Term of this Lease, Lessee shall,

promptly after it shall have been determined that such Unit has suffered a Casualty Occurrence, but in any event within thirty (30) days after such Casualty Occurrence or within such shorter times as may be required by any applicable rules or regulations of the Association of American Railroads (the "AAR"), notify Lessor in writing of such Casualty Occurrence. In the event any of the Units suffer a Casualty Occurrence, Lessee, at Lessor's option, shall either (i) place the affected Units in good repair, condition and working order in accordance with the Interchange Rules of the AAR and FRA standards, in which case Lessor shall reimburse Lessee for the cost of such repairs to the extent of the recovery, if any, actually received by Lessor from insurance or otherwise for such Casualty Occurrence; (ii) replace the affected Units with like equipment in good repair, condition and working order, in which case Lessor shall reimburse Lessee for the cost of such replacement to the extent of the recovery, if any, actually received by Lessor from insurance or otherwise for such Casualty Occurrence; or (iii) pay Lessor an amount equal to the accrued rental for such Units to the date written notification is received by Lessor with respect to such Casualty Occurrence plus a sum equal to the Casualty Settlement Value of such Units, as specified on Exhibit F attached hereto; provided, however, that in the event the Casualty Settlement Value with respect to the affected Units is not received by Lessor within sixty (60) calendar days after such notification, the Base Rental for such affected Units shall, upon the expiration of such sixty (60) day period, resume and continue until such time when the Lessor receives the Casualty Settlement Value, in which case such Units shall thereafter be deleted from this Lease and Lessor shall reimburse Lessee for the amount of recovery, if any, received by Lessor from insurance or otherwise for such Casualty Occurrence.

13. ANNUAL REPORTS

On or before [REDACTED] of each year during the Term of this Lease, Lessee will furnish to Lessor, in such number of counterparts or copies as may reasonably be requested by Lessor, a Lessee's certificate, as of the preceding December 31, (i) showing the amount, description and reporting marks of Units then leased hereunder and the amount, description and reporting marks of all Units that may have suffered a Casualty Occurrence during the preceding twelve (12) months (or since the Commencement Date in the case of the first such Lessee's certificate), and such other information regarding the condition and state of repair of the Units as Lessor may reasonably request, (ii) stating that, in the case of all Units repaired or repainted during the period covered thereby, the markings required by Section 7 hereof have been preserved or replaced, and (iii) containing all other information in the possession of Lessee relating to the Units that is required to be filed by Lessor with any division of the Association of American Railroads, the Interstate Commerce Commission, the Department of Transportation, or, any other federal, state, administrative, legislative, judicial or governmental body having jurisdiction in

the matter. Lessor shall have the right, but not the obligation, by its authorized representatives, to inspect the Units and the records of Lessee with respect thereto at such times as shall reasonably be necessary to confirm to Lessor the existence and proper maintenance of the Units during the continuance of this Lease.

14. LESSEE DEFAULT

Lessee shall be in default under this Lease upon the happening of any of the following events or conditions (hereinafter referred to as "Events of Default"):

(a) If Lessee fails to pay any sum required to be paid hereunder on or before the due date and such failure continues for a period of ten (10) consecutive business days;

(b) If Lessee fails at any time to procure or maintain any insurance coverage required by this Lease;

(c) If Lessee fails to observe or perform any of the covenants, conditions and agreements on the part of Lessee to be observed or performed and contained herein (other than the payment of any sums required to be paid hereunder and other than the obligation to procure and maintain any insurance coverage required by this Lease) or any schedule or any supplement or rider hereto, and such default shall continue for thirty (30) days after receipt by Lessee of written notice of such default;

(d) The appointment of a receiver, trustee or liquidator of Lessee or of a substantial part of its property, or the filing by Lessee of a voluntary petition in bankruptcy or other similar insolvency laws or for reorganization; or

(e) If a petition against Lessee in a proceeding under bankruptcy laws or other similar insolvency laws shall be filed and shall not be withdrawn or dismissed within thirty (30) days thereafter.

15. LESSOR'S REMEDIES

Upon the occurrence of any one or more of the Events of Default specified in Section 14 above, and at any time thereafter (unless such Event of Default shall have been waived in writing by Lessor), Lessor may without any further notice exercise any one or more of the following remedies:

(i) Declare all unpaid Gross Rental under this Lease to be immediately due and payable, such amount to be offset by the proceeds of the sale or re-leasing of the Units by the Lessor. If the Lessor does not proceed with such sale or re-leasing, then the Lessee shall only be obligated with respect to this Section 15(i) to pay Gross Rental accrued and unpaid to the date of the Event of Default;

(ii) Terminate this Lease as to any or all Units without relieving Lessee of any of its obligations hereunder;

(iii) Take possession of the Units and for this purpose enter upon any premises of Lessee and remove the Units, without any liability or suit, action or other proceeding by Lessee and without relieving Lessee of any of its obligations hereunder;

(iv) Cause Lessee, at its sole expense, to promptly return the Units to Lessor in accordance with the terms and provisions of Section 16 hereof;

(v) Proceed by appropriate action either at law or in equity to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(vi) Exercise any other right available to Lessor at law or in equity. No right or remedy conferred on or reserved to Lessor by this Lease shall be exclusive of any other right or remedy herein or by law provided. All rights and remedies of Lessor conferred on Lessor by this Lease or by law shall be cumulative and in addition to every other right and remedy available to Lessor. No failure on the part of Lessor to exercise and no delay in exercising any right or remedy hereunder shall operate as a waiver thereof unless specifically waived by Lessor in writing; nor shall any single or partial exercise by the Lessor of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy.

16. RETURN OF UNITS

At the expiration of this Lease, or at the direction of Lessor pursuant to Section 15 of this Lease, Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit returned to the Lessor pursuant to this Section 16 shall (i) be empty, free from residue and lading, suitable for loading, and be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, the Interstate Commerce Commission, the Department of Transportation, and any other legislative, administrative, judicial, regulatory or governmental body having jurisdiction in the matter, (iii) be free from any damage due to the abuse of the Unit, including but not limited to, bulged or bowed ends, cracked or separated corner caps, bulged or bowed sides or top cords, or any damage caused by improper or abusive loading or unloading methods, and (iv) be jointly inspected by representatives of Lessor and Lessee. If any Unit is not delivered to Lessor on or before the Expiration Date, or is so delivered, but not in compliance with Section 4 hereto and this Section 16, the Unit shall remain on rental and obligations of Lessee under this Lease with respect to such Unit shall remain in full force and effect, provided, however, that in the further event

that any Unit is not delivered to Lessor or is delivered to Lessor, but not in compliance with Section 4 hereto and this Section 16 within [REDACTED] calendar days after the Expiration Date, the Base Rental for such Units shall, upon the expiration of such [REDACTED] period, be set at one and one-half times the Base Rental. Nothing in this Section 16 shall be construed as Lessor's authorization of the Lessee's use of the Units, or any Unit, after the Expiration Date.

For the purposes of delivery possession of the Units to the Lessor as above required, Lessee shall, at its own cost, expense and risk: (a) place the Units upon such storage tracks of Lessee as Lessor may reasonably designate for marshalling and joint inspection; (b) permit Lessor to store such Units on such tracks free of charge to Lessor for [REDACTED] after the Termination Date and at the risk of Lessor until such Units have been sold, leased or otherwise disposed of by Lessor, provided, however, that Lessor shall be entitled to continued storage of the Units on such tracks beyond the [REDACTED] [REDACTED] calendar [REDACTED] for an additional [REDACTED] [REDACTED] calendar days, at a storage rate not to exceed [REDACTED] per car per [REDACTED] and (c) Lessee shall thereafter transport the Units to any place on the lines of Lessee as directed by Lessor at no cost to Lessor and Lessor shall be entitled to transport any Unit one time to any location as designated by Lessor with the Lessee's reporting mark on such Unit. Lessee's obligations in this Section 16 shall survive the date when all Units are returned to Lessor pursuant to this Section 16. The assembly, delivery and transporting of the Units as hereinbefore provided shall be at the cost, expense and risk of Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the matter, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to assemble, deliver, store and transport the Units. During any storage period, Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of the Units or any Unit, to inspect the same.

Without in any way limiting the obligation of Lessee under the provisions of this Section 16, Lessee hereby irrevocably appoints Lessor as the agent and attorney of Lessee, with full power and authority, at any time, while the Lessee is obligated to deliver possession of any of the Units to Lessor, to demand and take possession of such Units in the name and on behalf of Lessee from whomsoever shall be at the time in possession of such Units. In connection therewith Lessee will supply Lessor with such documents as Lessor may reasonably request.

17. NOTICES

Any notice required or permitted to be given by either party hereto to the other shall be in writing and shall be deemed

given when sent by United States Certified or Registered Mail, Return Receipt Requested, postage prepaid, addressed as follows:

TO LESSOR: The David J. Joseph Company
300 Pike Street
Cincinnati, Ohio 45202
Attention: Vice President
RELM Division

TO LESSEE: Chicago Southshore and South Bend Railroad
505 North Carol Avenue
Michigan City, IN 46360-5082
Attention: Terry Hearst

or at such other place as the parties hereto may from time to time designate by notice, each to the other. If the term "Lessee" as used in this Lease refers to more than one person or entity, any notice, consent, approval, request, bill demand or statement given as aforesaid to any one of such persons or entities shall be deemed to have been duly given to Lessee.

18. INVALID PROVISIONS

Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

19. MISCELLANEOUS PROVISIONS

(a) This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the Units and supersedes all other agreements, oral or written, with respect to the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of Lessor and Lessee.

(b) This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.

(c) The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Ohio; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Sec. 11303 and such additional rights arising out of the filing, recording or depositing hereof and of any

assignment hereof or out of the marking on the Units as shall be conferred by the laws of the several jurisdictions in which this Lease or any assignment hereof shall be filed, recorded or deposited or in which any Unit may be located.

(d) No recourse shall be had in any respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer (past, present or future) of the Lessor.

(e) Lessee may not, by operation of law or otherwise, assign, transfer, pledge, hypothecate or otherwise dispose of this Lease or any interest herein, or sublet any of the Units, without Lessor's prior written consent. This Lease is freely assignable by Lessor, in whole or in part, and upon delivery to Lessee of notice of any assignment, the term "Lessor" as used herein shall refer to such assignee, and The David J. Joseph Company shall thereafter be relieved of all of its liabilities and obligations under this Lease.

(f) Nothing contained herein shall give or convey to Lessee any right, title or interest in and to the Units leased hereunder except as a lessee thereof, and the Units are and shall at all times be and remain the sole and exclusive property of Lessor.

(g) Any cancellation or termination of this Lease by Lessor, pursuant to the terms and provisions hereof, or any schedule, supplement, rider or amendment hereto, or any termination of the Term by lapse of time, shall not release Lessee from any then outstanding obligations and/or duties to Lessor hereunder.

(h) Time is of the essence of this Lease.

(i) Notwithstanding anything contained in this Lease to the contrary, Lessor shall not be liable for its failure to perform any obligations of Lessor herein contained by reason of labor disturbances (including strikes and lockouts), war, riots or civil commotion, acts of God, fires, floods, explosions, storms, accidents, governmental regulations or interference, or any cause whatsoever beyond Lessor's reasonable control.

(j) It is expressly understood and agreed by the parties hereto that this instrument constitutes a lease of the Units only, and that no joint venture or partnership is being created.

(k) To the extent there exists any conflict between the terms and provisions of this Lease and the terms and provisions of the Interchange Rules or the Codes of Car Hire and Car Service Rules of the Association of American Railroads, this Lease shall control.

(l) Lessee may not deprescribe the car hire rates on the Units, or any Unit, subject to this Lease without the prior written consent of the Lessor.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed as of the day and year first above written.

Signed and acknowledged
in the presence of:

Steven E. Ward
(As to Lessor)

James H. Goetz
(As to Lessor)

LESSOR:

THE DAVID J. JOSEPH COMPANY

BY:

James H. Goetz
NAME: James H. Goetz

TITLE: Division Vice President

Signed and acknowledged
in the presence of:

Raymond P. Leach
(As to Lessee)

Marion T. Nolan
(As to Lessee)

LESSEE:

CHICAGO SOUTHSORE AND
SOUTH BEND RAILROAD

BY:

H. T. Hearst
NAME: H. T. HEARST

TITLE: PRESIDENT

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

The foregoing instrument was acknowledged before me this
21st day of October, 1993, by
JAMES H. GOETZ, the Division Vice President of The David
J. Joseph Company, a Delaware corporation, on behalf of the
corporation.

Carolyn A. Trainor
Notary Public

CAROLYN A. TRAINOR
Notary Public, State of Ohio
My Commission Expires March 14, 1998

STATE OF Indiana)
)
COUNTY OF LaPorte) SS:

The foregoing instrument was acknowledged before me this
25th day of October, 1993, by
H. T. Hearst, the President of
Chicago SouthShore
& South Bend Railroad, an Indiana Partnership~~corporation~~, on
behalf of partnership.

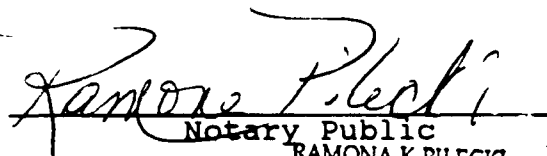

Notary Public
RAMONA K. PLECKI
NOTARY PUBLIC STATE OF INDIANA
LA PORTE COUNTY
MY COMMISSION EXP DEC 7, 1994

EXHIBIT A

DESCRIPTION OF UNITS

Seventy five (75), 100 ton, 1974-1975 built, 4' sided gondola railcars currently bearing reporting marks as follows:

CSS 47000 - 47074, inclusive

EXHIBIT B

BASE RENTAL

[REDACTED] per Unit per [REDACTED] payable in advance [REDACTED]

EXHIBIT C

POINTS OF TENDER

Upon Lessor's receipt of Lessee's signed Acceptance Certificate for each Unit (as provided in Section 3 of the Lease) Lessor shall deliver each such Unit to Lessee on Lessee's lines in Miller, IN.

EXHIBIT D

ACCEPTANCE CERTIFICATE

The undersigned, _____, the
duly authorized representative of Chicago Southshore and South
Bend Railroad (the "Company"), hereby certifies to
The David J. Joseph Company ("DJJ") that the
_____ railcar bearing reporting mark
_____ (the "Unit") has been delivered to the
Company, has been inspected and meets all regulatory
requirements, and is in all respects acceptable to the
Company. This certificate is being delivered pursuant to
Section 3 of that certain Railroad Equipment Lease dated
_____ by and between the Company and DJJ.

IN WITNESS WHEREOF, the undersigned, being the
_____ of the Company, does hereunto set his hand as
of this _____ day of _____, 199_, on behalf of
the Company.

Chicago Southshore and
South Bend Railroad

By: _____

Print Name: _____

Print Title: _____

EXHIBIT E

INSURANCE

- Property Insurance - a minimum of [REDACTED] per [REDACTED] covered under this Lease.
- Liability Insurance - a minimum of [REDACTED]

EXHIBIT F

CASUALTY SETTLEMENT VALUE

The Casualty Settlement Value for the equipment covered under this Lease shall be the [REDACTED] per Unit or the Depreciated Value of the Unit calculated in accordance with the Association of American Railroads Interchange Rule 107.

TECHNICAL SPECIFICATIONS

THE DAVID J. JOSEPH COMPANY

AUGUST 11, 1991

**SPECIFICATIONS COVERING AAR REPAIRS OF
APPROXIMATELY (100) 100 TON GONDOLAS**

- I. It is the intent of this specification to provide guidelines to rehabilitate a 100 ton, 52' 6" gondola car that is structurally and mechanically sound, meets all applicable AAR and FRA requirements, is shipper acceptable, and has a good appearance with satisfactory paint protection.
- A) **Description:**

The cars are 52'6" inside length, 100 Ton nominal capacity gondola car. Trucks are narrow pedestal roller-bearing type with a combination of Barber S-2 rod-under, and Ride Control rod-through 6 1/2" x 12" design. Couplers are standard "E"-60 type. Airbrakes are "ABD" type control valve, body-mounted brake cylinder with conventional brake rigging. The cars are equipped with AAR approved double-acting slack adjusters and approved retainer valve located in accordance with AAR standards and ball or seal ring type angle and cut-out cocks.
- B) **Work Content: Brake System**

All cars will receive a repair track air-brake test, which is to be performed at 90 P.S.I. All brake components will be inspected, and defective items repaired as necessary.
- C) **Draft System:**

Couplers, Yoke and Draft gears will be inspected per AAR Interchange Rule 16, 19 and 21, respectively. Any component found to be condemnable will be replaced with AAR approved secondhand components as required.
- D) **Trucks:**

All trucks will be inspected and worn or otherwise defective components repaired or replaced. Side-bearing clearance will be inspected on all cars and adjusted as necessary, to comply with current AAR Rules.

E) Wheel-sets:

All Wheel-sets will be inspected and replaced as necessary within accordance of AAR Interchange Rule 41. Any wheel-set found to be in 1/16" of a flange defect or a 1/8" of a wheel-tread defect will be replaced with a suitable, non-heated treated straight plate wheel-set.

F) Car Body:

All car bodies will be inspected with any side found to be bowed in excess of plus or minus 1 1/2" of the original dimensions will be straightened. All ends found to be within 6" of the inside pulling face of the knuckle will be straightened to this dimension. All broken corner caps will be "V'd out and welded as necessary. Furthermore, a reinforcing strap will be applied to all corner caps. (Size and securement must be approved by DJJ).

G) Painting and Stencilling:

All cars will be sandblasted and painted. Car parts requiring protection will be covered during the blasting and painting process. The car will receive a one-coat DTM application with a minimum thickness of 3 Mils. NOTE: Color selection to be provided by DJJ.

All cars will be re-stencilled (reporting marks to be supplied) in compliance with the latest provision of AAR Interchange rules as to size, location, etc.

H) AEI Tags:

All cars will have AEI tags applied as stipulated within current AAR Rules.

I) Light-Weighing and Stencilling:

All cars will be thoroughly cleaned, at which point, they will be light-weighed and stencilled in compliance with AAR Rule 70 of the Interchange Manual.

J) Miscellaneous:

Safety appliances will be repaired as necessary in accordance with the latest provision of FRA Safety Appliance and Power Brake Law and AAR Interchange rules.